

# **State Transportation Commission**

**July 31, 2008**

**Director Kirk T. Steudle, P.E.**

# Overview

- MDOT Program Reduction Strategies
- Transportation Funding Task Force Update (TF2)
- Design/Build/Finance Pilot Projects

# **Program Reduction Strategies**

# **Director's Report**

## **June 26, 2008**

- Presented information on the Department's Highway and Maintenance Program financial situation
- Indicated the downward trends in travel and revenue and the rising costs of materials
- MDOT is facing tough choices
- Presenting four possible strategies

# Federal Funding

- Highway Trust Fund
  - Facing insolvency in 2009
  - Congress is working to address the issue
  - MDOT must be prepared to make adjustments to the 2009 Capital Program



# State Funding

- MDOT will not be able to match all federal-aid dollars beginning in 2010
- Anticipated shortfall of state revenue and unmatchable federal-aid is over \$3.2 Billion over the 2010-2013 timeframe



# Possible Capital Program Adjustment Strategies

- Four alternative strategies
- Varying impacts on program
- Focus on high volume system



# Option #1

- Preservation and Safety Focus
  - Emphasis on preservation and safety
  - Projects in other programs would be delayed and/or eliminated





# Option #2

- Proportional Reduction
  - Reduces all programs
  - Reductions based on share of 2009 Trunkline Program template target



# Option #3

- Corridors of Significance Focus
  - Focuses funding toward the higher level of the transportation system
  - Funding would most likely continue on National and Statewide Corridors as identified in the MI Transportation Plan
  - Projects in Regional and Local Corridors would be delayed and/or eliminated



# Option #4

- MI Transportation Plan Priorities
  - Considers the MI Transportation Plan objectives
  - STC identified preservation, safety, bottlenecks, and operations as near-term priorities
  - Provide some level of funding for pavement and bridge preservation, safety, capacity improvement, ITS, and CMAQ programs



# TF2 Update

# Revenue and Needs Estimates

Scenario	Aviation	Highway, Road and Bridge	Intermodal Freight	Intermodal Passenger
Do Nothing*	\$121 m	\$2.2 B	\$14 m	\$241 m
Good	\$242 m	\$6.1 B	\$19 m	\$773 m
Better	327 m	\$12.6 B	\$41 m	\$1.3 B

\* Current investment level among road agencies is \$3.2 billion (FY 08)



# Cost of Doing Nothing

- Inability to match federal funds
  - Highways
  - Transit
  - Aviation
- Deteriorating facilities
  - Road conditions
  - Airports
  - Transit systems
- Loss of jobs – 12,255 from shrinking MDOT highway program alone

# What's Next?

- Task force has a 'catalog' of revenue options to consider
  - They will consider options in context of needs identified in CAC reports
- They will begin to narrow field of options  
Primary considerations:
  - Economic activity
  - Personal mobility
- Task force will continue to receive public comments at all meetings
- October 31 deadline for recommendations



# **Design/Build/Finance Pilot Projects**

# Project Goals & Evaluation Criteria

- Experience with design-build delivery methods
- Understanding how non-traditional financing methods can be utilized in Michigan
- Gain experience in public private partnerships

# Design/Build/Finance Pilot Projects

- Innovative contracting method
- Used by other states
  - Florida
  - Missouri
- Accelerated project delivery and use of private sector financing



# I-69 Project Overview

Project location: I-69 - Lapeer/St. Clair Co. Line to Miller Rd.  
Lapeer and St. Clair Counties

Estimated cost of construction: \$44,000,000



I-69 at Martin Rd.



Capac Rest Area



I-69 at Capac Rd.



I-69 at Cox-Doty Drain





# I-69 Project Overview

- Estimated DBF construction cost \$44,000,000
- Alternate pavement bidding component
- Advertised June 13, 2008
- Bids and technical proposal due on August 8, 2008
- Contractor selected on a modified low bid basis



# M-21 Project Overview

**Project location: M-21/I-75 Interchange in  
Genesee County, Michigan**  
**Estimated cost of construction: \$7,000,000**



*Old  
police post*



*M-21 bridge  
over I-75*



*M-21 bridge  
approach*

# M-21 Project Overview

- Bridge replacement and building demolition project originally scheduled for 2011
- Estimated construction cost is approximately \$7 M
- Project advertised on June 6, 2008
- Bid and technical proposals due August 28, 2008
- Two Step Selection Process was used
  - Step 1: Contractors were short-listed based on qualifications of the DBF Team
  - Step 2: The final contractor will be selected using a Best Value procedure





# Contractor Financing Issues

- Availability of department funding for projects
- Potential deductions or delays of processing final payment
- Guarantee of payment to lender



# **Expected Benefits of Design/Build/Finance**

- Earlier use of improved transportation facilities in 2009
- Potential reduction in construction costs
- First steps in public private partnership experience
  - New method of financing
  - Experience in alternative contracting methods
- Experience in alternate pavement components